

## **Program A: Medical Vendor Administration**

Program Authorization: R.S. 36:251; 46:976

### **Program Description**

The mission of the Medical Vendor Administration Program is to develop and implement, according to federal and state laws and regulations, the administrative and programmatic procedures with respect to eligibility, licensure, reimbursement and monitoring of health services in Louisiana.

The goals of Medical Vendor Administration Program are:

1. To process claims from Medicaid providers in accordance with state and federal regulations.
2. To process Medicaid applications in accordance with state and federal regulations.
3. To annually license and survey health care facilities providing services to Louisiana citizens.
4. To enroll and provide healthcare coverage for uninsured children under LaCHIP according to the state plan.
5. To implement measures that will constrain the growth in Medicaid expenditures while improving services and to secure alternative sources of funding for health care in Louisiana.

The Medical Vendor Administration Program includes the following activities: Medicaid Management Information System, Medicaid Eligibility Determinations, Program Integrity, and Health Standards and other executive management sections.

## RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 2000-2001	ACT 12 2001-2002	EXISTING 2001-2002	CONTINUATION 2002-2003	RECOMMENDED 2002-2003	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$40,123,553	\$39,609,735	\$39,609,735	\$45,575,904	\$39,916,204	\$306,469
STATE GENERAL FUND BY:						
Interagency Transfers	0	125,000	125,000	125,000	125,000	0
Fees & Self-gen. Revenues	1,708,787	1,971,856	1,971,856	1,971,856	1,971,856	0
Statutory Dedications	209,627	1,216,000	1,216,000	1,530,439	2,711,207	1,495,207
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	60,006,388	100,892,403	101,176,349	107,871,855	103,209,675	2,033,326
TOTAL MEANS OF FINANCING	<b>\$102,048,355</b>	<b>\$143,814,994</b>	<b>\$144,098,940</b>	<b>\$157,075,054</b>	<b>\$147,933,942</b>	<b>\$3,835,002</b>
EXPENDITURES & REQUEST:						
Salaries	\$36,630,841	\$42,597,580	\$42,597,580	\$44,539,341	\$35,733,723	(\$6,863,857)
Other Compensation	586,432	1,012,481	1,012,481	1,012,481	1,012,481	0
Related Benefits	7,024,858	7,294,255	7,294,255	8,865,993	7,420,125	125,870
Total Operating Expenses	5,677,781	6,652,779	6,652,779	7,117,752	6,041,764	(611,015)
Professional Services	45,117,442	68,977,467	69,261,413	77,879,439	75,975,261	6,713,848
Total Other Charges	5,268,959	16,644,796	16,644,796	16,991,746	21,729,688	5,084,892
Total Acq. & Major Repairs	1,742,042	635,636	635,636	668,302	20,900	(614,736)
TOTAL EXPENDITURES AND REQUEST	<b>\$102,048,355</b>	<b>\$143,814,994</b>	<b>\$144,098,940</b>	<b>\$157,075,054</b>	<b>\$147,933,942</b>	<b>\$3,835,002</b>
AUTHORIZED FULL-TIME EQUIVALENTS: Classified	1,206	1,221	1,220	1,233	1,016	(204)
Unclassified	0	0	0	0	0	0
<b>TOTAL</b>	<b>1,206</b>	<b>1,221</b>	<b>1,220</b>	<b>1,233</b>	<b>1,016</b>	<b>(204)</b>

## SOURCE OF FUNDING

The Medical Vendor Administration Program is funded with State General Fund, Fees and Self-generated Revenues, Statutory Dedications, and Federal Funds. Fees & Self-generated Revenues are derived from licensing and certification fees, third party liability collections and miscellaneous collections, such as copies. Statutory Dedications for the recommended year represent funding received from: The Medicaid School-Based Administrative Claiming Trust Fund for cost incurred by public schools for administrative outreach provided by school districts; the Health Care Facility Fund derived from fees collected from fines for violations of health care facilities for licensing enforcement; the Louisiana Fund derived from settlement proceeds from the tobacco industry pursuant to the Master Settlement Agreement reached between certain states and participating tobacco product manufacturers in December 1999 (R.S. 39:36B (8), see table below for a listing of expenditures out of each statutory dedicated fund. Federal Funds represent the federal share of the cost to administer the Medicaid program.

	<b>ACTUAL</b>	<b>ACT 12</b>	<b>EXISTING</b>	<b>CONTINUATION</b>	<b>RECOMMENDED</b>	<b>RECOMMENDED</b>
	<b>2000-2001</b>	<b>2001-2002</b>	<b>2001-2002</b>	<b>2002-2003</b>	<b>2002-2003</b>	<b>OVER/(UNDER)</b>
						<b>EXISTING</b>
Medicaid School-Based Administrative Claiming Trust Fund	\$0	\$1,200,000	\$1,200,000	\$1,200,000	\$1,950,000	\$750,000
Health Care Facility Fund	\$0	\$16,000	\$16,000	\$16,000	\$16,000	\$0
Louisiana Fund - Tobacco Settlement	\$209,627	\$0	\$0	\$0	\$0	\$0
Deficit Elimination Fund	\$0	\$0	\$0	\$314,439	\$314,439	\$314,439

## MAJOR FINANCIAL CHANGES

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
<b>\$39,609,735</b>	<b>\$143,814,994</b>	<b>1,221</b>	<b>ACT 12 FISCAL YEAR 2001-2002</b>
			<b>BA-7 TRANSACTIONS:</b>
\$0	\$283,946	0	Carry forward of Federal Funds to pay for third party liability contract from prior year but not completed and paid until the fiscal year 2001-2002
\$0	\$0	(1)	Transfer of one (1) position from this program to agency 09-332 East Louisiana Mental Health System - Patient Care Program
<b>\$39,609,735</b>	<b>\$144,098,940</b>	<b>1,220</b>	<b>EXISTING OPERATING BUDGET - December 20, 2001</b>
\$391,717	\$783,434	0	Annualization of FY 2001-2002 Classified State Employees Merit Increase
\$371,000	\$742,000	0	Classified State Employees Merit Increases for FY 2002-2003
(\$2,500)	(\$4,999)	0	Risk Management Adjustment
(\$317,818)	(\$635,636)	0	Non-Recurring Acquisitions & Major Repairs
\$0	(\$283,946)	0	Non-Recurring Carry Forwards
\$3,598	\$7,196	0	Rent in State-Owned Buildings
(\$27,361)	(\$54,722)	0	Maintenance of State-Owned Buildings
\$836,614	\$1,673,227	0	Salary Base Adjustment
(\$1,488,143)	(\$2,976,285)	0	Attrition Adjustment
\$0	\$628,878	0	Group Insurance Adjustment
\$8,118	\$16,236	0	Civil Service Fees
(\$3,386,917)	(\$9,131,792)	(220)	Gubernatorial Position Reductions
\$133,621	\$267,243	0	Workload Adjustment - Administrative expenses due to increased caseload related to Blanchard v. Forrest (consent judgement to process applications timely)
\$36,951	\$73,901	0	Workload Adjustment - Administrative expenses for the Medical Review Physicians due to increased Medicaid population and increased disability decisions
\$26,450	\$52,900	0	Workload Adjustment - Funding for Civil Service training series adjustment
\$2,116,533	\$4,907,122	0	Other Annualizations - Phase 3 of the peer based prescribing - cost containment of the drug formulary. Act 395 of 2001 requires computer development, interface with the claims processing and point of sale system programming and monitoring.
\$770,097	\$1,540,194	0	Other Annualizations - Phase 2 and 3 of peer based prescribing and dispensing practice patterns program, working with the Drug Utilization Review Board, for health care providers who participate in the Medicaid program as required by Act 395 of 2001

## MAJOR FINANCIAL CHANGES

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$0	\$1,500,000	0	Other Annualizations - Funding to annualize the monitoring of the cost of school boards identifying Medicaid recipients in schools per Act 776 of 2001
\$614,246	\$2,456,985	0	Other Annualizations - University of Louisiana at Monroe contract to produce a pharmacy (drug) formulary to slow cost growth in the Medicaid program
\$89,165	\$178,330	3	Other Annualizations - Court mandated behavioral (autism) management program (settlement to Chisholm lawsuit)
\$147,166	\$709,231	10	Other Adjustments - Health Insurance Portability and Accountability Act (HIPAA) Administration and core team with outreach contract to adopt national electronic standards for automated transfer of certain health care data between health care payers, plans and providers
\$49,849	\$99,698	0	Other Adjustments - Increased cost of contract renewal for waiver audits of Long Term Care and Adult Day Health
(\$56,108)	(\$56,108)	0	Other Adjustments - Reduced travel to averages
(\$21,249)	(\$42,499)	(1)	Other Adjustments - Adjustment to remove authorized positions for employees who retire under Act 844 of 2001
\$0	\$861,535	0	Other Adjustments - Funding for the Treasurer's investment fee contract for management of the Medicaid Trust Fund for the Elderly (Nursing Home Intergovernmental transfer)
\$0	\$0	0	Other Adjustments -
\$11,440	\$22,879	0	Other Adjustments - Increased cost of contract renewal for all hospital inpatient and outpatient services, uncompensated care, Rural Health Clinics, Federally Qualified Health Centers, and Community Mental Health Clinics
\$0	\$500,000	4	New and Expanded Adjustments - Federal grant to support state efforts to enhance employment options for people with disabilities
<b>\$39,916,204</b>	<b>\$147,933,942</b>	<b>1,016</b>	<b>TOTAL RECOMMENDED</b>
<b>(\$4,149,885)</b>	<b>(\$15,459,753)</b>	<b>(107)</b>	<b>LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS</b>
<b>\$35,766,319</b>	<b>\$132,474,189</b>	<b>909</b>	<b>BASE EXECUTIVE BUDGET FISCAL YEAR 2002-2003</b>
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT UPON RENEWAL OF THE SUSPENSION OF EXEMPTIONS TO THE 1% SALES TAX BASE:
\$1,046,426	\$3,898,297	27	This supplementary recommendation represents 2.6% of the State General Fund recommendation (\$39.9 million) and 2.6% of the total budget recommendation (\$147.9 million) for this program
<b>\$1,046,426</b>	<b>\$3,898,297</b>	<b>27</b>	<b>TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT UPON RENEWAL OF THE SUSPENSION OF EXEMPTIONS TO THE 1% SALES TAX BASE</b>

## MAJOR FINANCIAL CHANGES

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT UPON RENEWAL OF THE 4¢ PER CIGARETTE PACK TOBACCO TAX RATE: This supplementary recommendation represents 3.1% of the State General Fund recommendation (\$39.9 million) and 3.1% of the total budget recommendation (\$147.9 million) for this program
\$1,243,310	\$4,631,758	32	
<b>\$1,243,310</b>	<b>\$4,631,758</b>	<b>32</b>	<b>TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT UPON RENEWAL OF THE 4¢ PER CIGARETTE PACK TOBACCO TAX RATE</b>
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT UPON RENEWAL OF THE INDIVIDUAL INCOME TAX LIMITATION ON EXCESS ITEMIZED DEDUCTIONS: This supplementary recommendation represents 3.6% of the State General Fund recommendation (\$39.9 million) and 3.7% of the total budget recommendation (\$147.9 million) for this program
\$1,451,633	\$5,407,835	37	
<b>\$1,451,633</b>	<b>\$5,407,835</b>	<b>37</b>	<b>TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT UPON RENEWAL OF THE INDIVIDUAL INCOME TAX LIMITATION ON EXCESS ITEMIZED DEDUCTIONS</b>
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT UPON RENEWAL OF THE AUTOMOBILE RENTAL This supplementary recommendation represents 1% of the State General Fund recommendation (\$39.9 million) and 1% of the total budget recommendation (\$147.9 million) for this program
\$408,516	\$1,521,863	11	
<b>\$408,516</b>	<b>\$1,521,863</b>	<b>11</b>	<b>TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT UPON RENEWAL OF THE AUTOMOBILE RENTAL EXCISE TAX</b>
<b>\$39,916,204</b>	<b>\$147,933,942</b>	<b>1,016</b>	<b>GRAND TOTAL RECOMMENDED</b>

## PROFESSIONAL SERVICES

\$957,427	Audits of Title XIX Reimbursement to Hospitals
\$1,847,250	Audits of Title XIX Reimbursement to Long-term Care Facilities
\$1,200,000	Audits of Title XIX Reimbursement to Pharmacy Providers
\$300,000	Audit Consultant for the Individual Client Assessment Profiles (ICAP) assessment
\$200,000	Covington & Burling Litigation Costs
\$5,370,167	KID-MED Management Contract
\$54,066,937	Fiscal Intermediary Contract
\$80,350	Long Term Care Quality of Care Assessment Consultants
\$81,253	Admission review for long term care recipients (psychiatrists and psychologists)
\$2,824,337	Interview applicants, applicant's family or authorized representative, explaining long term care application process making referrals to other entities as required
\$44,800	Assessment of Medicaid redetermination process to determine the actual number of people failing to submit applicants for redetermination of eligibility and identify ways to increase the re-enrollment rate
\$493,372	Dental Claim Review and Authorization by the LSU School of Dentistry
\$12,315	SURS Medical Consultant - expert witness and sampling of reviews of medical records
\$2,033,484	Non-Emergency Medical Transportation
\$16,413	Coordinate Medical appointment transportation
\$219,851	Eligibility Medical Examinations to Determine Disability of Applicants
\$33,267	Upper Payment Limits study by Myers & Stauffer
\$1,050,000	Nursing Home case mix survey and study by Myers & Stauffer
\$30,000	IBM Programmer Contract to maintain the Licensing and Certification programs on the Health Standards Mainframe
\$1,069,069	Third Party Liability Collection Contract
\$143,994	Nurse Aide Registry
\$118,146	Hospital Reimbursement Rate Re-basing Study Contract
\$800,000	Northeast Louisiana University's School of Pharmacy serves as a reference point on drug utilization reviews
\$1,038,265	Transfer of document to digitalized format and Welfare Information System (WIS) Data System Update
\$67,500	Fiscal Intermediary development of contracts
\$285,000	Louisiana Children's Health Insurance Program (LaCHIP) Outreach
\$51,870	Nurse Aide Training
\$1,540,194	Act 395 of 2001 requires development of peer-based prescribing and dispensing practice patterns for health care providers who participate in the Medicaid Program and to develop a process to promote such practice through the Drug Utilization Review Board.
<b>\$75,975,261</b>	<b>TOTAL PROFESSIONAL SERVICES</b>

## OTHER CHARGES

\$1,602,134	Contract with the University of New Orleans for Information Systems Services, Assessment and Training
\$254,280	Hepatitis B Vaccine
\$316,654	Administrative Costs of LaCHIP
\$110,891	Supplemental Security Income Field Office Eligibility Determination Information
\$28,000	Federal grant to support state efforts to enhance employment options for people with disabilities
\$832,418	Reimbursement to varying organizations serving as Medicaid Enrollment Centers
\$181,805	Employee Licensing Training for Nursing Homes, ICF/MR's, Hospital Homes Health Agencies and Dialysis Facilities
\$80,165	IRS Computer Matching Agreement - provides tax information on unearned income to help in administering the Title XIX program
\$25,601	Nurse Aide Testing to determine competency skills for certification
\$10,360,565	School based Administrative Claiming to reimburse local education agencies for administrative functions related to Medicaid. This includes outreach to potential Medicaid recipients and helping current recipients receiving medical services.
\$2,456,985	University of Louisiana at Monroe contract to produce a pharmacy (drug) formulary to slow cost growth in the Medicaid program
\$16,000	Investigation of complaints and enforcement against nursing homes are investigated in accordance with state law and federal regulations. Each complaint intake is screened and classified as follows: 1) complaints alleging immediate jeopardy situations; 2) complaints alleging actual harm; 3) complaints alleging potential of minimal harm.
\$30,246	Printing of forms, stuffing envelopes, etc
<b>\$16,295,744</b>	<b>SUB-TOTAL OTHER CHARGES</b>



## OTHER CHARGES

### Interagency Transfers:

\$170,604	Civil Service Fees
\$215,000	Life Safety Code Inspections by the State Fire Marshall
\$44,486	Office of Public Health - Vital Records Registry for on-line access for the purpose of verifying eligibility determination for Medicaid
\$29,696	Division of Administration - forms management, postage and publishing
\$1,103	Payments to the State Register for publication fees
\$65	Subscription to State Register
\$34,256	Supplies from the Department of Social Services Warehouse
\$60	Payments to State Archives
\$5,000	Office of Public Health - Influenza vaccine for extended care facility residents
\$2,447,978	Statewide Co-Housing of Staff with the Department of Social Services/ Office of Family Support Staff
\$10,945	Maintenance of State-Owned Buildings
\$152,165	Rent in State-Owned Building
\$269,662	Payments to the Office of Risk Management
\$861,535	Treasury fees for the investment of the Medicaid Trust Fund for the Elderly
\$500,000	Act 395 of 2001 Medicaid Pharmaceutical and Therapeutic Committee
\$679,386	Administrative services for Medicaid Mental Health monitoring the implementation of services and insure outcomes and progress made and monitor quality of services delivered
\$12,003	Payments to the Office for Citizens with Developmental Disabilities for Regional Transition Coordinators for clientele enrolling in the MR/DD Waiver program and for case management and slot monitoring of MR/DD Waiver Slots actually filled
<b>\$5,433,944</b>	<b>SUB-TOTAL INTERAGENCY TRANSFERS</b>
<b>\$21,729,688</b>	<b>TOTAL OTHER CHARGES</b>

## **ACQUISITIONS AND MAJOR REPAIRS**

\$20,900 Recommended level of funding for the replacement and repairs of obsolete or damaged equipment

**\$20,900 TOTAL ACQUISITIONS AND MAJOR REPAIRS**